



STATE OF NEW JERSEY

Board of Public Utilities

*Two Gateway Center
Newark, NJ 07102*

IN THE MATTER OF THE JOINT PETITION)
OF NEW JERSEY-AMERICAN WATER)
COMPANY, INC. AND THAMES WATER)
AQUA HOLDINGS GMBH FOR APPROVAL)
OF A CHANGE IN CONTROL OF NEW)
JERSEY-AMERICAN WATER COMPANY,)
INC.)

WATER AND WASTEWATER

ORDER

DOCKET NO. WM01120833

SERVICE LIST ATTACHED

BY THE BOARD:

On December 21, 2001 Petitioner New Jersey American Water Company Inc. (New Jersey-American) and Petitioner Thames Water Aqua Holdings GmbH (Thames Holdings) filed a joint petition pursuant to N.J.S.A. 48:2-51.1, N.J.S.A. 48:3-10 and any other statutes and regulations the Board may deem relevant for approval of a change in control of New Jersey-American.

The Board will retain the matter and the case will be heard at the Board before the Honorable Frederick F. Butler, Commissioner. A pre-hearing conference was held at the Board's offices on March 7, 2002, in accordance with the provisions contained in N.J.A.C. 1:1-13.2. At a subsequent telephone conference, on April 15, 2002, certain dates were revised and are reflected herein. Specifically, the terms contained in N.J.A.C. 1:1-13.2 (a) are addressed as follows:

(1) Nature of the proceeding and issues to be resolved:

The nature of the proceeding involves a merger between the Petitioners.

The issues to be resolved include:

- whether the petition meets the criteria contained in N.J.S.A. 48:2-51.1;
- whether the petition meets the terms contained in N.J.S.A. 48:3-10;

- whether merger savings exist and if so, to what extent;
- security measures implemented in the protection of the water system;
- the potential merger of Elizabethtown Water Company and New Jersey-American; and
- other issues that may develop during the course of the discovery process. Pursuant to N.J.A.C. 1:1-13.2 (c), the Board may amend the pre-hearing order to accommodate circumstances occurring after its entry date.

(2) The parties and their status:

- Anne S. Babineau, Esq. for Petitioner Thames Water Aqua Holdings GmbH
- William D. Lavery, Jr., Esq. for Petitioner New Jersey-American Water Company, Inc.
- David Samson, Esq., Attorney General of New Jersey by Alexander C. Stern, Esq., Rebecca Hobbs, Esq. and Jeff Slutzky, Esq., Deputy Attorneys General for Board Staff
- Seema M. Singh, Acting Director and Ratepayer Advocate for the Division of the Ratepayer Advocate by Robert J. Brabston, Esq., Diane Schulze, Esq. and Susan McClure, Esq.
- Paul E. Flanagan, Esq. for the Township of Maplewood
- Bruce Edington, Esq. for the Manasquan Customer Group

(3) Notices:

- Notice of filing---On its own initiative, Petitioner New Jersey-American provided a notice of filing to all the municipalities in which it provides service, the clerks of the counties it serves in and the county executives of those counties, as well as its contract customers.
- Notice of pre-hearing---Board Staff provided notice of the pre-hearing conference by telephone to the Petitioners, the Ratepayer Advocate, and the attorneys for the two potential intervenors: (1) the Utility Workers Union of America, AFL-CIO and UWUA Local Union Nos. 391, 395 and 423, and (2) the Township of Maplewood.
- Notice of hearings---Petitioners are to give notice as provided for in N.J.S.A. 48:2-32.2 (c)(1), including providing such notice as would otherwise be provided by the Board pursuant to such statutory provisions.

(4) The schedule of hearing dates and the time and place of hearing:

Public hearing dates: given the extent of New Jersey-American's service territory, there will be three public hearings--- April 15, 2002 in Eatontown (Monmouth County); April 17, 2002 in Cherry Hill (Camden County) and April 23, 2002 in Maplewood (Essex County). All of the public hearings will commence at 7:00 p.m.

Evidentiary hearing dates: the schedule agreed to by the parties at the March 7, 2002, conference and the April 15, 2002 telephone conference is as follows-- July 8, 9, 10, 11, 12, 15, 16, 17, 18, and 19, 2002. The

evidentiary hearings are to be heard at the Board's offices, Two Gateway Center, 8th floor, Newark, New Jersey before Commissioner Butler.

- (5) Stipulations as to facts and issues: none at this time.
- (6) Partial settlement agreements and their terms: none at this time.
- (7) Amendments to the pleadings contemplated or granted: none at this time.
- (8) Discovery matters remaining to be completed and the date when discovery shall be completed:

March 15, 2002	First round discovery questions to be asked
March 22, 2002	First round discovery responses are due
April 5, 2002	Second round discovery questions to be asked
April 22, 2002	Second round discovery responses are due
April 1, 2002	Petitioners to submit financial impact study/data
April 15, 2002	Discovery propounded on the April 1, 2002 information is due
April 19, 2002	It is expected that a Confidentiality Agreement will be executed and that confidential pages of documents served in response to the first round of discovery will be served on the signatories to the Confidentiality Agreement.
April 30, 2002	Responses to the discovery related to the April 1, 2002 submission is due
May 3, 2002	Discovery on the confidential documents is due
May 17, 2002	Responses to the May 3, 2002 discovery is due

- (9) Order of proofs: the Petitioner will proceed with its direct case followed by the Ratepayer Advocate and any Intervenors.
- (10) A list of exhibits marked for identification: none at this time.
- (11) A list of exhibits marked into evidence by consent: none at this time.
- (12) Estimated number of fact and expert witnesses:

For the Petitioners:	James McGivern Robert J. Gallo Andrew Chapman
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For the Ratepayer Advocate:	Robert J. Henkes James Rothschild Barbara Alexander Scott Rubin Dean Noll
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Pre-filed testimony for Mr. McGivern and Mr. Gallo were included in the petition previously submitted to the Board.

Pre-filed testimony for Mr. Chapman was due on April 1, 2002.

Pre-filed testimony for Mr. Henkes, Mr. Rothschild and Ms. Alexander is due on June 12, 2002. Any discovery propounded on their testimony is due on June 19, 2002, with responses to that discovery due on June 26, 2002.

Pre-filed testimony for Mr. Rubin and Mr. Noll is due on June 19, 2002. Any discovery propounded on their testimony is due June 26, 2002, with responses to that discovery due on July 3, 2002.

(13) Motions contemplated, pending and granted:

The Board has received three Motions for Intervention: (1) the Utility Workers Union of America, AFL-CIO and UWUA Local Union Nos. 391, 395 and 423 (Union Intervenors); (2) the Township of Maplewood (Maplewood or the Township); and (3) the Boroughs of Belmar, Keyport, Matawan and Red Bank plus Shorelands Water Company, Inc. (collectively referred to as the Manasquan Customer Group).

1. The Union Intervenors filed (by letter dated February 9, 2002, and received on February 11, 2002), a request to intervene with full rights as parties. On February 19, 2002, the Petitioners filed a Response to Motion to Intervene stating they do not oppose the intervention request as long as the Board limits the intervention to insure it does not delay the matter, and the Union Intervenors agree that discovery should proceed expeditiously and hearings should be scheduled as soon as possible. On February 21, 2002, the Union Intervenors filed a reply to the Petitioners' February 19, 2002, submission stating the Board should grant the motion without restrictions. Subsequently, the Union Intervenors and the Petitioners reached a settlement agreement. Accordingly, the Union Intervenors, by letter dated March 22, 2002, withdrew the request for intervention contained in their February 9, 2002 letter. In the withdrawal letter, the Union Intervenors asserted that they remain interested in the matters at issue in this proceeding and request to remain on the service list to continue to receive copies of all communications between and among the parties, and between the parties and the Board.

2. By letter dated January 7, 2002, Maplewood filed a Notice of Motion for Leave to Intervene. Maplewood is a customer of New Jersey-American and the Company provides water service to franchise customers in the Township. Maplewood stated it has a statutory right to intervene pursuant to N.J.S.A. 48:2-32.2.

3. By letter dated March 20, 2002, the Manasquan Customer Group filed a Notice of Motion for Leave to Intervene. The members of the Group are all customers of New Jersey-American and filed the motion pursuant to N.J.S.A. 48:2-32.2.

(14) Other special matters determined at the conference: none.

BOARD FINDINGS AND CONCLUSIONS

Pursuant to N.J.S.A. 52:14F-8(b), the Board HEREBY CERTIFIES this matter to itself.

The Board FINDS that the terms agreed to by the parties at the pre-hearing conference are reasonable and the Board HEREBY ADOPTS the terms of the proposed pre-hearing order as set forth herein. The Board FINDS that the Union Intervenors' request to remain on the service list for informational purposes is reasonable. Further, the Board has reviewed the Notices of Motion to Intervene and the Certificate of Counsel filed on behalf of Maplewood and the Manasquan Customer Group and FINDS that the Township and the municipal members of the Manasquan Customer Group have a statutory right to intervene in this docketed matter pursuant to N.J.S.A. 48:2-32.2 (a) and intervention is HEREBY GRANTED. In addition, Shorelands Water Company, Inc. is granted intervention based upon its customer status, but its intervention will be conducted as part of the Manasquan Customer Group of which it is a member.

DATED: April 19, 2002

BOARD OF PUBLIC UTILITIES
BY:

(SIGNED)

JEANNE M. FOX
PRESIDENT

(SIGNED)

FREDERICK F. BUTLER
COMMISSIONER

(SIGNED)

CAROL J. MURPHY
COMMISSIONER

(SIGNED)

CONNIE O. HUGHES
COMMISSIONER

ATTEST:

(SIGNED)

KRISTI IZZO
BOARD SECRETARY